

REMARKSI. Introduction

In response to the Office Action dated January 10, 2008, no claims have been cancelled, amended or added. Claims 1-45 remain in the application. Re-examination and re-consideration of the application is requested.

II. Prior Art Rejections

In paragraph (1) of the Office Action, claims 1-4, 6-8, 12, 16-19, 21-23, 27, 31-34, 36-38, and 42 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson et al., U.S. Patent No. 7,082,411 (Johnson) in view of Sulkowski et al., U.S. Publication No. 2004/0039688 (Sulkowski). In paragraph (2) of the Office Action, claims 5, 20, and 35 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of Sulkowski and further in view of Atkins, U.S. Patent No. 5,852,811 (Atkins). In paragraph (3) of the Office Action, claims 13, 28, and 43 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of Sulkowski and further in view of Gillis, U.S. Patent No. 6,405,189 (Gillis). In paragraph (4) of the Office Action, claims 15, 30, and 45 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of Sulkowski in view of Gillis and further in view of Chen et al., U.S. Patent No. 6,625,624 (Chen). In paragraph (5) of the Office Action, claims 9, 11, 14, 24, 26, 29, 39, 41, and 44 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of Sulkowski in view of Choy et al., U.S. Patent No. 5,551,027 (Choy). In paragraph (6) of the Office Action, claims 10, 25, and 40 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of Sulkowski in view of Choy and further in view of Foran et al., U.S. Publication No. 2003/0147552 (Foran).

Applicants' attorney respectfully traverses these rejections.

Independent claims 1, 16, and 31 are generally directed to performing financial processing in a computer. Claim 1 is representative and is directed to a method of performing financial processing in one or more computers, comprising: (a) selecting accounts, amounts and rates from a database through a selector function, wherein the selector function uses selection criteria specified by rules to select the accounts, amounts and rates from the database; and (b) performing one or more Net Present Value (NPV) and Future Value (FV) calculations on the selected accounts using the selected amounts and rates, wherein results from the NPV and FV calculations are integrated to provide a Life-Time Value (LTV) of one or more customers.

The combination of Johnson and Sulkowski does not teach or suggest all of the various elements of Applicants' independent claims.

Nonetheless, the Office Action asserts the following:

1. Claims 1-4, 6-8, 12, 16-19, 21-23, 27, 31-34, 36-38 and 42 are rejected under 35 U.S. C. 103(a) as being unpatentable over US Patent Number 7,082,411 to Johnson et al (hereinafter Johnson) in view of US Patent Application Number US2004/0039688 to Sulkowski et al (hereinafter Sulkowski).

As per claims 1, 16 and 31 Johnson discloses selecting accounts, amounts and rates (asset data) from a database through a selector function, wherein the selector function uses selection criteria specified by rules to select the accounts, amounts and rates from the database (column 4, lines 10-19) and performing one or more Net Present Value (NPV) (column 9, lines 3-26) and Future Value (FV) (C_1 , expected payoff) calculations on the selected accounts using the selected amounts and rates (column 9, lines 3-26 & 58-60), Johnson does not specifically teach results from the NPV and FV calculations are integrated to provide a Life-Time Value (LTV) of one or more customers.

Sulkowski teaches results from the NPV and FV calculations are integrated to provide a Life-Time Value (LTV) of one or more customers (paragraph [0009-0010]).

Therefore it would have been obvious to one skilled in the art at the time the invention was made that results from the NPV and FV calculations are integrated to provide a Life-Time Value (LTV) of one or more customers as taught by Sulkowski to accurately evaluate future profitability of assets by taking into account present and future values.

Applicants' attorney respectfully disagrees.

Consider, for example, the portions of the Johnson and Sulkowski references cited by the Office Action, which are set forth below:

Johnson: column 4, lines 10-19

Individual asset data (not shown) for each asset in portfolio 12 is entered into a database 76 from which selected data 78 is retrieved based on a given criteria 80 for the iterative and adaptive process 32. When criteria 80 is established for valuation of any asset, that established criteria 80 is stored in database 76 for use in valuating other asset data in database 76 which shares such an established criteria. Iterative and adaptive valuation process 32 thus develops 82 valuations (described below) and groups 84 them for use in bidding.

Johnson: column 9, lines 3-26

In general, NPV is defined as:

$$NPV = c_0 + \frac{c_1}{1+r}$$

where $C_{sub.0}$ is the investment at time 0, $C_{sub.1}$ is the expected payoff at time 1, and r is the discount factor. The basic idea is that a dollar today is worth more than a dollar tomorrow.

In the case of insurance policies, NPV is defined as:

$$NPV = \sum P - \sum E - (\sum C) \times \frac{A}{E_{\nu}}$$

where P is the premium, E is the expected nominal cost, and C is the claim cost. In essence, Equation B is how net income as the difference of profit and weighted expected risk is generated. Note that the summation is summing across all the policies in a specific segment. Also note that all the premium, nominal cost, and claim cost have been discounted before entering the equation. As a result, a profitability score is generated.

Johnson: column 9, lines 58-60

Each potential bidder has a range of possible bids that might be submitted to a sealed bid auction. The range of bids can be expressed as a statistical distribution. By stochastically sampling from a distribution of bid values, one possible auction scenario may be simulated. Further by using an iterative sampling technique, for example a Monte Carlo analysis, many scenarios are simulated to produce a distribution of outcomes. The distribution of outcomes include a probability of winning the auction item(s) and the value gain. By varying the value of ones own bid, a probability of winning the auction against ones own bid price can be determined.

Sulkowski: paragraph [0009-0010]

[0009] The present invention, referred to as the Lifetime-value (LTV) framework, is directed to a system and method that permits accurate forecasting of the future value of credit accounts. The LTV framework estimates the Lifetime-value of each credit account. An account is characterized by its cash flows, product attributes, and degree of belongingness to customer behavior segments based on common patterns such as revolving and transacting. By examining how accounts migrate between behavior segments over multiple quarters and analyzing the discounted cash flows associated with these migration patterns, a net present value is calculated for each account.

[0010] The Lifetime-value is thus risk-based, in that it takes the past, current and future charge-off risk of an account into consideration, and includes a capital charge, i.e. the cost associated with capital employed by a financial institution, for example, to provision for unanticipated risk.

The above portions of Johnson merely describe retrieving individual asset data from a database based on a given criteria, performing an NPV calculation, and the statistical distribution of outcomes in a sealed bid auction. However, notwithstanding this recital, the above portions of Johnson do not describe a selector function that uses selection criteria specified by rules to select accounts, amounts and rates from a database. Indeed, the above portions of Johnson do not refer to rules used by a selector function for accessing a database. In addition, the above portions of

Johnson do not refer to the selection of rates (such as attrition rates or propensity rates) from a database. Finally, although the above portions of Johnson describe the calculation of NPV, the above portions of Johnson do not refer to the calculation of FV or the subsequent calculation of LTV, as admitted in the Office Action.

Similarly, the above portions of Sulkowski do not describe a selector function that uses selection criteria specified by rules to select the accounts, amounts and rates from the database, which is essentially conceded by the Office Action. Moreover, the Office Action errs when it asserts that the above portions of Sulkowski describe performing NPV and FV calculations on selected accounts using selected amounts and rates, wherein results from the NPV and FV calculations are integrated to provide an LTV. Indeed, the above portions of Sulkowski do not teach or suggest results from the NPV and FV calculations being integrated to provide an LTV. Instead, the above portions of Sulkowski describe how its LTV framework estimates the LTV value of each credit account, but refers only to the calculation of a NPV for each account. In Applicants' claimed invention, on the other hand, both NPV and FV calculations are performed on the selected accounts using the selected amounts and rates, and the results from both the NPV and FV calculations are integrated to provide an LTV.

The remaining references Atkins, Gillis, Chen, Choy, and Foran fail to overcome these deficiencies of Johnson and Sulkowski. Recall that these references were cited only against the dependent claims, and were cited only for containing limitations shown in those dependent claims.

Consequently, the various elements of Applicants' claimed invention together provide operational advantages over Johnson, Sulkowski, Atkins, Gillis, Chen, Choy, and Foran. In addition, Applicants' invention solves problems not recognized by Johnson, Sulkowski, Atkins, Gillis, Chen, Choy, and Foran.

Thus, Applicants submit that independent claims 1, 16, and 31 are allowable over Johnson, Sulkowski, Atkins, Gillis, Chen, Choy, and Foran. Further, dependent claims 2-15, 17-30, and 32-45 are submitted to be allowable over Johnson, Sulkowski, Atkins, Gillis, Chen, Choy, and Foran in the same manner, because they are dependent on independent claims 1, 16, and 31, respectively, and thus contain all the limitations of the independent claims. In addition, dependent claims 2-15, 17-30, and 32-45 recite additional novel elements not shown by Johnson, Sulkowski, Atkins, Gillis, Chen, Choy, and Foran.

III. Conclusion

In view of the above, it is submitted that this application is now in good order for allowance and such allowance is respectfully solicited. Should the Examiner believe minor matters still remain that can be resolved in a telephonic interview, the Examiner is urged to call Applicants' undersigned attorney.

Respectfully submitted,

GATES & COOPER LLP
Attorneys for Applicants

Howard Hughes Center
6701 Center Drive West, Suite 1050
Los Angeles, California 90045
(310) 641-8797

Date: April 10, 2008

By: GHG
Name: George H. Gates
Reg. No.: 33,500

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